

USAID/Zambia

Annual Report

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Zambia

Performance:

Country Setting: Zambia's transition to multiparty democracy has been accompanied by fundamental economic reforms in an effort to establish a liberal political economy. The political and economic reform process has been slow and impeded by the country's legacy of authoritarian leadership, historical over-dependency on copper, limited foreign and domestic investment, and corruption. Furthermore, HIV/AIDS has severely impacted both social and economic sectors. Zambia ranks 163 out of 175 countries on the 2003 United Nations Human Development Index. Life expectancy is under 40 years, under-five mortality at 168 per 1000 live births, and Zambia has a high prevalence rate of HIV/AIDS (16% of the adult population), while 73% of the population live below the official poverty line. Zambia's development progress has been constrained by lack of economic diversification, periodic drought and floods and budgetary weaknesses.

The World Bank estimates Zambia's per capita domestic product in 2002 at \$351. External debt in December 2002 is estimated at \$5.419bn, with debt service absorbing 15% of exports. Over 60% of the debt is owed to multilateral institutions. In December 2000, Zambia successfully reached the decision point for Enhanced Highly Indebted Poor Countries (HIPC) debt relief. However, the completion point was deferred for consideration from December 2003 to June 2004. Once the HIPC Completion Point is attained, substantial debt relief and a reduction in Zambia's average annual debt service may be expected.

Zambia has many active non-governmental organizations (NGOs) and civil society groups, several independent newspapers, and radio stations, and two state-owned newspapers and the Zambia National Broadcasting Corporation. Free universal primary education was introduced in 2002. The government's top three priorities are the fight against corruption, promotion of agriculture in a more diversified economy, and combating HIV/AIDS. The Government of the Republic of Zambia (GRZ) has approved a Poverty Reduction Strategy Paper (PRSP), a comprehensive economic and social plan prepared with the participation of donors and other stakeholders. Yet, implementation has been slow due to budgetary constraints. The PRSP emphasizes a vibrant private sector that will contribute to economic and export growth. The Medium Term Expenditure Framework, linked to the PRSP, has been developed to guide the annual budget making process over a three-year time horizon.

The United States' primary national interest in Zambia is economic prosperity to support Zambia's development as a stable, peaceful, and prosperous free market democracy, enhancing the stability of Southern Africa. With ongoing conflict in its largest neighbor (the Democratic Republic of Congo) and political and economic instability in Zimbabwe, a stable, democratic, and prosperous Zambia is important for the United States and the region. As a country with significant natural resources, a market-based economy, and a multi-party democratic political system, Zambia can play a significant role in promoting peace and stability in a region of growing importance to the United States. A peaceful, democratic Zambia will assist in the global war against terrorism by denying terrorists refuge and financial or other support.

Donor Relations: Donor coordination is excellent and USAID has collaborated closely with other donors in implementing health, education, agriculture, and democracy and governance programs. Jointly supported initiatives include the Agricultural Consultative Forum, the Zambia Business Forum, Private Sector Donors' Group, the Agriculture Donors' Group and the Parliamentary Reform Committee. In health and education donors support the national Health Strategic Plan and the Ministry of Education (MOE) Strategic Plan most donors sit on the Health Sector Committee and the Informal Donor Group for Education. Other major bilateral donors and their principal areas of focus include United Kingdom

(macroeconomic programs, public sector reform, health and education) Germany (small and medium business development), Norway (rural agribusiness development and the environment), and Japan (health and infrastructure). Multilateral donors include the United Nations agencies, the European Union, the World Bank, the International Monetary Fund, and the African Development Bank.

During the second half of 2002, Zambia experienced a severe food crisis. The U.S. Government (USG) response was swift, pre-positioning food in a timely manner. The World Food Program (WFP) continued distribution of USG commodities, already underway from a previous emergency operation, and was importing more food when the GRZ rejected US relief maize because it could not be certified as free of Genetically Modified Organism (GMO). Before the GRZ ban, US commodities made up 60% of WFPs relief food basket. After the ban, the United States began sending sorghum or bulgur wheat. In all, WFP received/delivered 39,000 metric tons of USG commodities in FY2003. US international PVOs distributed approximately 19,745 metric tons to improve the nutritional status of around 900,000 drought and HIV/AIDS affected households in the Southern and Western Provinces.

USAID will complete implementation of its 1999-2003 Country Strategic Plan (CSP) for Zambia, by September 2004. The four objectives under this strategy focus on increasing rural incomes, improving the quality of basic education for more school-aged children, increasing use of integrated child and reproductive health and HIV/AIDS interventions, and expanding opportunities for effective participation in democratic governance. The USG's contribution to the Global Fund to Fight HIV/AIDS, TB and Malaria complements USAID's programs. In addition, the centrally managed DCHA/PVC Child Survival and Health and Matching Grants programs have funded several PVO's in Zambia. Education activities are complemented by the President's Africa Education Initiative and the Centers for Excellence in Teacher Training programs.

Key Achievements: As highlighted below, USAID's four strategic objective programs in Zambia made significant contributions towards U.S. performance goals.

1. Increased Rural Income: USAID supported small farmers and small and medium enterprises have increased incomes to \$5.96 million by adopting a wide range of improved agricultural technologies. Improved management skills enabled over 50,000 farmers to contribute to household food security and market participation. Client outreach of rural non-farm enterprises (RNFE) was over 60,000. Nationwide membership of the Zambia Chamber of Small and Medium Business Association (ZCSMBA) expanded from 7,900 to 8,700, of which women-owned company membership was 43%. Overall, RNFE access to finance from USAID-supported groups totaled \$2,134,679 thereby providing opportunity for the expansion of RNFEs.

Trade Capacity Building: USAID's efforts contributed towards the increase in non-traditional agricultural and natural resource exports to \$296 million. USAID assisted in: 1) preparing safeguards legislation conforming to WTO standards; 2) preparing biotechnology legislation that would attract investment to Zambia; 3) informing the debate on establishing a government Crop Marketing Authority, leading the GRZ to realize its associated high cost and subsequently abandon the idea; 4) informing the Zambian public and private sector stakeholders to take advantage of opportunities under AGOA; and 5) enabling Zambia to move a step closer to breaking into the lucrative US horticultural market through collaboration with USDA's Animal Plant and Health Inspection Service by preparing five pest lists for 10 priority commodities for possible export to the USA.

Food Security: USAID's OFDA contributed to improved food security in Zambia. Three hundred food insecure families were assisted in small scale irrigation development to grow vegetables and maize in the dry season. In addition, 14,500 households in drought hit areas of Southern Province and 31,000 other vulnerable households were assisted with agricultural inputs such as fertilizer and seed as well as training in conservation farming techniques.

2. Improved quality of basic education for more school-aged children: The Interactive Radio Instruction program which focuses on reaching school age children not in school has proven to be a successful national program. It is being carried out collaboratively by communities, churches, nongovernmental

organizations, the Ministry of Education (MOE), Peace Corps and the Education Development Centre. In 2003 the program expanded its outreach and introduced messages on HIV/AIDS prevention. In the Eastern Province 110 schools implemented USAID-supported health and nutrition interventions which focused on teacher-managed de-worming and eradication of bilharzia infestations, and provision of vitamins. More than 2,000 teachers participated in USAID's school health life skills training program to enable them to work more effectively with students to explore attitudes and practices to cope better with the threat of AIDS. The USAID-assisted MOE management information system has, for the first time in three years produced reliable timely electronic data on the entire national school system, making it possible for the MOE planners to coordinate their efforts with the Ministry of Finance and others. This information program includes district and school level HIV/AIDS data to help planners understand how the educational system is affected and what must be done. All the collaborating donors supporting the education sector are now utilizing the data generated to allocate their funds.

Other education training: USAID sponsored nine male and seven female participants for higher education programs in public health and agriculture. During the same period, USAID supported and sponsored training programs for 46,989 male and 2,181 females in diverse areas of small business management, agricultural practices and alternative dispute resolution.

3. Increased use of integrated child and reproductive health and HIV/AIDS interventions: The Demographic Health Survey (DHS) indicators for 1996 and 2002 infant and under-5 mortality rates decreased from 109 to 95 and from 197 to 168, respectively. Over 50% of children are fully immunized and virtually all children under 5 received vitamin A supplementation during the national measles immunization campaign. Accomplishments that contributed to these successes included the introduction of vitamin A sugar fortification and supplementation that achieved near universal coverage, improved birth spacing, increased use of insecticide treated bed nets, the introduction of more effective drugs to treat malaria, and widespread use of the home water treatment product Clorin to reduce incidence of diarrhea.

Although HIV sero-prevalence remains high at 16%, the epidemic appears to have plateaued. Between 1996 and 2001/2 total fertility declined from 6.1% to 5.9%; contraceptive prevalence increased from 14.4% to 22.6%; and STI prevalence reduced among HIV transmission sub-populations. The 2003 Zambia Sexual Behavior Survey documents a trend toward increasing median age of sexual debut indicating that more adolescents are choosing abstinence and also documents a trend toward being faithful as well as an increase in reported condom use above expectations. Many behavior change communications activities narrow the information gap on HIV/AIDS between urban and rural areas, youth and adults, and rich and poor. Services have expanded for voluntary counseling and testing, prevention of mother-to-child transmission of HIV: number of orphans and vulnerable children receiving support has more than doubled in the past two years.

Systems and Cross-cutting Activities: The general public was educated on key health issues through a national scale up of radio distance learning to the 300,000 Neighborhood Health Committees (NHCs). NHCs serve as the link between communities, especially in rural areas, and the formal health care system while the Better Health Campaign helps them be more motivated and effective health promoters and community mobilizers. USAID helped GRZ develop and approve a national multisectoral HIV/AIDS policy and continued to strengthen the policy development capacity in the Ministry of Health.

4. Expanded opportunity for effective participation in democratic governance: USAID- supported civil society membership organizations (MO) debated selected public policy issues judged critical to democratic governance and effectively represented citizens' concerns to national and local governments. MOs demonstrated greater influence over government policy directions and made a significant impact on seven policies related to media reform, HIV/AIDS partner notification guidelines to protect civil and human rights, local licensing policy, corruption, and constitutional reform.

The National Assembly committee structure, developed with USAID advice and approved in 2003, has improved the quality of the legislative process and strengthened dialogue between policy-makers and civil society. In the justice sector, USAID helped strengthen the courts capacity to monitor judicial performance and combat malfeasance through the full implementation of an automated criminal case tracking system

in three criminal courts. Transparency of the justice system has further increased through the implementation of a Citizen Information Center to allow individuals access to information on the status of criminal cases.

Parliamentary Reform: The donor suggested Parliamentary Reforms Committee is asserting itself in dialogue with the Speaker's Office on reform issues such as sharing of management powers. A detailed parliamentary reform project document has been debated and approved by parliament. The reform plan establishes the principles of a civil society role in the business of the legislature and decentralized internal management within parliament. Pilot constituency offices at 11 sites are giving citizens the opportunity to meet their MPs, and reforms have been debated in civil society and in the press.

Administration of Justice: USAID-supported Alternative Dispute Resolution (ADR) systems are reducing the commercial case backlog and helping to resolve commercial conflict. Mediation has now been institutionalized in the High Court in four cities and is contributing to a more efficient dispensation of justice.

5. **Gender:** Attention to gender issues has noticeably increased in USAID's programs. Health activities focus on maternal and child's health and thereby include gender concerns across the board. In addition, HIV/AIDS and family planning programs, programs to increase primary school retention of rural girls and a project to involve mothers in rural Parent Teacher's Associations address gender issues.

6. **Public/Private Alliances:** Seven alliances were implemented during FY2003: 1) Dairy; 2) Warehouse receipts; 3) Small and medium-sized enterprise (SME) development; 4) fresh vegetable exports; 5) Copperbelt Diversification Alliance; 6) CLUSA POTC Alliance-Zambia/Mozambique. The first six alliances will assist in increasing the competitiveness of the agribusiness sector while the Information and Communications Technology alliance will help address the dearth of IT skills in the Zambian government and private sector.

In July 2003, USAID discussed with the Global Development Alliances Secretariat details of a workshop for the Zambian government, private sector and non-governmental organizations to raise awareness and understanding of USAID's concept and practice of public-private partnerships. As implementation of the new CSP for 2004-2010 progresses, USAID will seek to leverage international and local private resources to enhance total development aid and its effectiveness in achieving the objective of uplifting the lives of people in Zambia. The new seven year strategy will build on USAID's experiences to date, and outline an innovative approach to bring "Prosperity, Hope and Better Health for Zambians."

7. **Conflict Vulnerability:** In 2003, during development of the new strategy, USAID undertook several mandatory and technical analyses. This included an assessment of potential risks that can affect the success of its development program. Several risk factors, including increasing numbers of orphans due to HIV/AIDS, poor governance and corruption, and food insecurity were identified. However, it was determined, based on preliminary findings, that a Conflict Vulnerability Assessment was unnecessary as there was little potential for violent conflict in the country.

Country Close and Graduation:

Not applicable.

Results Framework

611-001 Increased rural incomes of selected groups

SO Level Indicator(s):

Income of Selected Groups

IR1 Increased Agriculture and Natural Resources Production

IR2 Increased Contribution of RNFE's to Private Sector Growth

IR3 Improved Trade and Investment Environment

611-002 Improved quality of basic education for more school-aged children

SO Level Indicator(s):

Girls Retention in Targeted Schools

Net Admissions Rate to Grade 1 in Targeted Areas

Number of Children Enrolled in Schools Affected by USAID Basic Education Programs

Number of Learners in Grade 1 in Target Areas and Centers

Number of Learners in Grade 1 in Targeted Areas and Centers

Pupil Assessment Scores in Targeted Areas in Eastern Province

IR1 Improved Quality of Learning Environments in Targeted Areas

IR2 Improved Delivery of School-based Health and Nutrition Interventions to Support Pupil Learning

IR3 Improved Information for Education Decision making Processes

611-003 Increased use of integrated child and reproductive health and HIV/AIDS interventions

SO Level Indicator(s):

Condom Use

Contraceptive Prevalence (Modern methods)

Median Age at First Sexual Debut

Vaccination Coverage

IR1 Increased Demand for PHN Interventions among target groups

IR2 Increased Delivery of PHN Interventions at Community Level

IR3 Increased Delivery of PHN Interventions by the Private Sector

IR4 Improved Health Worker Performance

IR5 Improved Policies, Planning and Support Systems

611-004 Expanded opportunity for effective participation in democratic governance

SO Level Indicator(s):

Number of Target Public issues or Policies Influenced as a Result Debate Initiated by Membership Organizations

Number of Target Public issues or Policies Influenced as a Result of Debate Initiated by Membership Organizations

IR1 Increased Efficiency of Administration of Justice

IR2 Increased Public Debate

611-005 Increased Private Sector Competitiveness in Agriculture and Natural Resources

611-006 Improved Quality of Basic Education for More School-age Children Phase II

611-007 Improved Health Status of Zambians

611-008 Government Held More Accountable

611-009 Reduced Impact of HIV/AIDS through a Multi-sectoral Response